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American Institute of Certified Public Accountants.

Wade S. Williams

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# AICPA *Washington Report*

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## COMMERCE, DEPARTMENT OF

The \$4.9 billion public works authorization bill was passed by Congress last Wednesday and sent to the White House for an expected confrontation with the President. As of Friday, it was uncertain whether Congress might remain in session for another week to prevent the President from a possible pocket veto of this jobs bill. The jobs bill (S.2228) extends for three years a variety of programs providing federal grants and loans to help economically distressed areas improve their economy and create permanent jobs.

## COMMODITY FUTURES TRADING COMMISSION

New regulations as a first step to control the trading of commodity options have been approved by the Commission. The interim regulations, which will become effective 45 days after their publication, expected in today's Fed. Reg., and on which comments will be solicited, will require that books and records be kept and available for inspection.

Second stage regulations will involve a comprehensive 3-year test program authorizing a limited pilot program of commodity options trading on domestic and recognized foreign markets.

## COUNCIL ON WAGE AND PRICE STABILITY

Another round of hearings on the issue of rising health care costs will be conducted in Philadelphia on 10/14/76, in Houston on 10/21/76, and in Miami on 10/28/76. The Council is especially interested in collecting further views on actions which are being taken in the private sector to stem health cost increases. The exact time and location of the hearings will be announced at a later date. For additional information call James Elleman, 202/456-2695.

## ELECTRONIC FUND TRANSFERS COMMISSION

Consecutive meetings of the Commission's Providers Committee, Regulators Committee, and Users Committee will be held on 10/7/76 at Stouffer's Atlanta Hotel, 590 W. Peachtree St., NW, Atlanta, Georgia. The full Commission will meet at the same location on 10/8/76. The public meeting will be for the purpose of discussing hearing plans and schedules for the remainder of this year. For additional information, call Ms. Janet Miller at 202/254-7400.

## GENERAL ACCOUNTING OFFICE

"Directory of Federal Audit Organizations" has been prepared by the Division of Financial and General Management Studies. The Directory includes those audit groups directly involved in the audit of federal funds which includes not only internal audit groups but also those external audit groups assigned to audit federal assistance programs. The Directory is arranged alphabetically by agency and includes the names, addresses and telephone numbers of audit heads, staff size information, amounts of funding, and whether the particular audit division uses independent public accounting firms to aid their audit effort.

Anyone wishing to receive one free copy of the Directory may do so by contacting our Washington office. Telephone requests are encouraged and should be directed to extension 47.

HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

Congress overrode the President's veto of a \$56 billion appropriations bill providing money for most of the Government's social and health programs. Mr. Ford vetoed the bill because it was \$4 billion over the amount proposed by the administration. In overriding the veto, Congress noted that the bill was within the guidelines set by the new Congressional budget process and that the additional funding allowed for inflation and cost of living increases.

Finalized regulations governing financial assistance to local educational agencies to meet the special educational needs of educationally deprived and neglected and delinquent children appeared in the 9/28/76 Fed. Reg., pp. 42894-923. The regulations include provisions calling for program evaluations which describe and measure the impact of assisted programs and projects. The evaluations are to be conducted by "competent and independent persons."

Several miscellaneous revisions to HEW procurement forms were published in the 9/23/76 Fed. Reg., pp. 41693-701, and the 9/27/76 Fed. Reg., pp. 42187-200. Included in the publication were changes to contract provisions concerning GAO examination of records, and provisions concerning accounts, audit, and records, which were changed to reflect new records retention requirements.

A new five-year plan designed to control runaway medical care costs has been announced by the Public Health Service (PHS). The plan, outlined in a publication entitled "Forward Plan for Health: FY 1978-82," notes that medical care costs increased 300% over the last decade and thus must be considered the highest priority. The report notes that a total approach must be attempted, that national health insurance is one such possible approach, and that it will probably be in effect by 1983. The PHS states that it believes the more direct solutions lie in state level reforms and that it will try to set up a clearinghouse of research findings and state legislative action to help states enact reforms. Copies of the report are available from the GPO (S/N 017-000-00172-8) at \$1.90 each.

HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF

Finalized regulations implementing a multifamily coinsurance program for state housing finance agencies were published in the 9/29/76 Fed. Reg., pp. 43068-86. Included in the regulations are cost certification provisions which require a "certificate of actual cost" which is to be supported by a "certificate as to accuracy" by a CPA or IPA.

In the same issue of the Fed. Reg., on pp. 43104-05, HUD also published interim regulations covering policies and procedures to be utilized in reviewing and selecting applications for the award of grants for areawide programs under the Housing and Community Development Act of 1974. The Department is soliciting comments on this interim rule and all comments must be received by 10/29/76.

#### JUSTICE, DEPARTMENT OF

The President has signed into law the antitrust amendments (HR 8532) requiring certain large corporations planning mergers to give advance notice. The law also will permit attorneys general to sue suspected price-fixers for triple damages on behalf of state residents. Finally, the Justice Department and FTC will be given greater authority to subpoena documents and interview witnesses during antitrust investigations.

#### LABOR, DEPARTMENT OF

The Advisory Council on Employee Welfare and Pension Benefit Plans will hold an open meeting on 10/13/76 in the Federal Ballroom North, Quality Inn - Capitol Hill, 415 New Jersey Avenue, NW, Washington. The meeting will include discussions of work group reports on minimum standards, impact of ERISA on small plans, investment, and ERISA implementation. For additional information call 202/523-8753.

#### OFFICE OF MANAGEMENT AND BUDGET

The Office of Federal Procurement Policy will hold a public meeting on 11/4/76 to consider major issues pertinent to the adoption of government-wide pricing and profit policies on negotiated procurements. The meeting will be conducted in Room 2008, New Executive Office Building, 726 Jackson Place, NW, Washington, D.C. Matters to be covered include COGP recommendations A-28, A-30, A-31 and A-35; Cost Accounting Standard 414, and Defense Procurement Circular 76-3. For additional information call Mr. Robert Trimble at 202/395-6990.

#### RENEGOTIATION BOARD

A simple one-year extension of the Renegotiation Act to 12/31/77 has been attached as an amendment to a minor House-approved tax measure (HR 11920) and was expected to be passed by Congress on Friday. The Senate Finance Committee was unable to complete consideration of the Renegotiation Act Amendments which were passed by the House earlier this year as HR 10680, and this bill is expected to be reintroduced in the new Congress. A summary of HR 10680 has been prepared by the Senate Finance Committee and is available by calling the Committee at 202/224-4515.

#### SECURITIES AND EXCHANGE COMMISSION

The questionable payments legislation died in the 94th Congress last week when the House Commerce Consumer Protection Subcommittee failed to get a quorum to markup the bill. Several amendments to the bill (HR 15481) were introduced by Rep. Eckhardt (D-TX) at the first attempt at a markup session on 9/23/76, but leaders say they simply were not prepared for the quick Senate passage of the identical bill, S.3664, and could not move fast enough.

#### SMALL BUSINESS ADMINISTRATION

Proposed amendments to the business loan policy regulations concerning the operations of Subsection (b) Lenders appeared in the 9/29/76

Fed. Reg., pp. 42962-63. The amendments would provide for a processing fee for applications; require public notice of applications to become Subsection (b) Lenders; reduce the amount of loans that can be made based on the capital and surplus; prohibit financing to the same small business by a Subsection (b) Lender and an affiliated SBIC; and provide for a limitation on borrowing of funds to purchase stock in a Subsection (b) Lender. The amendments also allow a Subsection (b) Lender to employ a manager or adviser, or contract for managerial or advisory services, subject to prior written approval of the SBA. Comments on the proposal are due by 10/29/76.

#### TREASURY, DEPARTMENT OF

Congress has passed an extension of the general revenue sharing program for 3 3/4 years at a \$25 billion level. The compromise bill (HR 13367), which was worked out in conference early last week, includes requirements for independent audits of a state government or unit of local government in accordance with GAAS at least once every three years. The audits may be conducted by state auditors if they are in accordance with GAAS, and units of state or local government receiving less than \$25,000 in revenue sharing funds may be exempted from this provision. The Secretary of the Treasury is authorized to waive the requirements for an audit if the financial accounts are not auditable and if the local government demonstrates substantial progress toward making such financial accounts auditable. Finally, the GAO is to make periodic reviews to evaluate compliance and operations under these audit requirements.

The IRS has issued a revised Form 4461, Application for Approval of Master or Prototype Defined Contribution Plan, and a revised Form 1128, Application for Change in Accounting Period. Form 4461 is for pension plans which do not include self-employed individuals. The form may be filed by trade or professional associations, banks (including S&Ls and federally insured credit unions), insurance companies, and regulated investment companies for the initial approval or amendment of a defined contribution, pension, annuity or profit-sharing plan.

The IRS also announced that sponsors submitting master or prototype defined contribution plans for approval are receiving information packages which include a covering letter, a check sheet designed to aid in determining whether a plan is complete, and sample plan provisions which have been found to satisfy certain specific requirements of ERISA. There are two information packages, one for corporate plans and one for plans which include self-employed individuals, similar to the revised version of Form 3672, recently issued for plans that include self-employed individuals.

Three amendments to the tax regulations pursuant to ERISA were printed in the 9/28/76 Fed. Reg., pp. 42649-54. The first change is a requirement that benefits under a qualified plan are not decreased on account of certain Social Security increases. The second publication provides rules for the commencement of benefits under qualified trusts, and the third change provides rules for certain retroactive amendments of employee plans.

For further information, please contact:  
Wade Williams or Dan Myers  
202/872-8190

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**American Institute of Certified Public Accountants**

1620 Eye Street, N.W., Washington, D.C. 20006

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